Requirement of IT clearance certificate

1072. SHRI YERRA NARAYANA-SVVAMY: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to simplify the income tax system:

(b) if so, whether it is a fact that requirement of Income Tax Clearance Certificate for many transactions is causing undue hardship: and

(.c) the steps proposed to reduce the number of issues which require Income Tax Clearance Certificate?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Simplification of the income tax system is an on-going process.

(b) and (c) Keeping in view the rise in prices of immovable properties, the Government has proposed in the Finance Bill, 1995, to enhance the limit to Rs. 5 lakhs from Rs. 2 lakhs upto which no income tax clearance is requirement under the provisions of section 230A of the Income-tax Act for transfer of property.

Permission given to reliance capital and finance trust by RBI

1073. SHRI SOM PAL: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has given permission to the Reliance Capital and Finance Trust Ltd. for full repatriation on the reserved allotment to NRIs, OCBs and FIIs;

(.b) if so, what are the reasons there for;

(c) whether such permission has ever been granted 10 any other similar company;

(d) if so, what are the details thereof;

(e) whether there are any guidelines issued by the RBI in this respect;

{t) if so, what are the details tfereof and whether they have ever been amended; and

(g) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) and (b) Yes Sir. The permission to the company for issue of shares with repatriation benefits to Non-resident Indians (NRIs)/Oyerseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs) was accorded in terms of the Portfolio Investment Scheme which included reservations out of public issues by Indian companies.

(c) and (d) Yes Sir. The Reserve Bank of India has so far granted similar permission in the case of 72 companies .

(e) to (g) These approvals have hitherto been operated under the existing provisions of the Portfolio Investment Scheme for NRIs/OCHs and FIIs and the October 1993 guidelines issued by the Securities and Excharge Board of India on reservations out of public issues.

Introduction of value added *tax* system

1074. SHRI SOM PAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government intend to introduce value Added Tax system of indirect taxation.

(b) if so, what arc the salient features, modalities and advantages thereof and by when it is to become operative;

(c) whether there is any proposal to have a uniform sales tax throughout the country;

(d) if so, whether any discussions have been held with the State Governments on the subject;

(e) it so what have been the results thereof;

(f) whether any formula for sharing the revenue with the states has been evolved; and

(g) if so, what are the details there of;

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEK\RA MURTHY): (a) to (g) Different aspects of tax reforms including introduction of Value Added *Tax* and uniformity in sales tax rates were discussed in a conference of State Finance Ministers held on 27.4.94. There was a broad consensus in the Conference about adopting uniform rates of sales tax as well as gradual introduction of VAT. However, most of the States wanted that introduction of VAT should be examined in details. It was reselv-ed accordingly in that conference to constitute a committee of State Finance Ministers to go into all aspects of tax reform including introduction of VAT and uniformity in tax rates. The Committee has since been constituted and its report is awaited.

R.BI to adopt reference rate mtchanism

1075. SHRI SOM PAL: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India intends to adopt a reference rate mechanism; and

(b) if so, what are the modalities and comparative advantages thereof and by when it is expected to become operative?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) and (b) Reserve Bank of India (RBI) has reported that it is attempting to create a mechanism through which the bank rate becoms a reference rate. A reference rate would provide a signal for determining other Interest rates in the system. Details for reference rate are yet to be- worked out and no specific time irame has been set for introducing such a system.

Indian Chemical Feeding Heroin Boom in PAK

1076. SHRI OM PAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government's atten tion has been drawn to the news item published under the title 'Indian Chemical Feeding heroin boom in Pak' in the Indian Express dated the 21st January, 1995; and

(b) if so, what steps are being envisaged to tackle the menace?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) Acetic Anhydride, a precursor chemical for manufacture of heroin and methaqualone has been declared as a 'Controlled Substance' under the NOPS Act and a regulation order has been issued to regulate the manufac ture, distribution, sale, imports ex ports and consumption of acetic an hydride. Control have been imposed on the movement of the chemical within 50 Kms of Indo-Pak border and 100 Kms of Indo-Myantnar border under the Customs Act. Import and export of acetic anhydride has also been regulated.

Instructions have been issued, to all the enforcement agencies to maintain utmost vigil and step up enforcement efforts under the stringent provisions contained in HOPS Act. Training is being imparted to officers to improve their effectiveness. Vehicles and communication equipments have been pro-vided, A Part of Indo-Pak border has been fenced. Following quantities of acetic anhydride have been seized (in litres)

1993 1994 1995 (upto 28.02.95) 19,758 45,770 1945